

AUGUST 2011 - GROUP TRAFFIC AND CAPACITY STATISTICS

- In August 2011, Group traffic measured in Revenue Passenger Kilometres rose by 2.2 per cent versus August 2010, capacity measured in Available Seat Kilometres was up 2.1 per cent.
- Group premium traffic for the month of August grew by 8.7 per cent compared to the previous year, with 1.4 per cent growth in non-premium traffic.
- At this stage underlying trends are in line with our expectations, with continued growth in premium versus non-premium volumes.

September 5th, 2011

STRATEGIC DEVELOPMENTS

IAG began the process of launching a new shared currency called Avios for all three travel reward programmes in the group - British Airways Executive Club, Iberia Plus and Airmiles UK. This is the first step towards creating a world leading, scalable reward platform that will increase incremental profits, drive more loyalty among existing members, attract more members from existing databases and new markets and improve the value of redemption.

Iberia increased frequencies to the city of Malabo, Equatorial Guinea, Iberia now operates six times per week between the two capital cities.

British Airways and Qantas have announced changes to their joint services agreement between the UK and Australia from summer 2012 to strengthen their Singapore hub and maximise the airlines' respective network strengths. Additionally as part of the changes British Airways will also be raising the frequency of its flights between London and Hong Kong from 28 to 34 a week.

British Airways has launched its biggest pilot recruitment drive for more than 800 new pilots by 2016. The airline will also continue to recruit qualified pilots from other airlines and run a joint initiative with the UK Armed Forces to provide military pilots with a planned career path into commercial aviation.

British Airways World Cargo organised a relief aircraft of emergency supplies and equipment to victims of the food crisis in East Africa. A Boeing 747 freighter carrying just under 110 tonnes of cargo, flew to Ethiopia in early August carrying aid from Oxfam and UNICEF.

Certain information included in these statements is forward-looking and involves risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of the Company's Business Plan, expected future revenues, financing plans and expected expenditures and divestments. All forward-looking statements in this report are based upon information known to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

It is not reasonably possible to itemise all of the many factors and specific events that could cause the Company's forward-looking statements to be incorrect or that could otherwise have a material adverse effect on the future operations or results of an airline operating in the global economy. Further information on some of the most important risks in this regard is given in the shareholder documentation in respect of the merger issued on October 26, 2010 and in the Securities Note and Summary issued on January 10, 2011; these documents are available on www.iagshares.com.

Group Performance

	Month of August			Year to Date		
	2011	2010	Change	2011	2010	Change
Passengers Carried ('000s)	4,841	5,022	-3.6%	34,652	33,528	3.4%
Domestic (UK & Spain)	899	1,160	-22.5%	7,333	8,262	-11.2%
Europe	2,226	2,196	1.4%	15,025	14,018	7.2%
North America	786	745	5.5%	5,340	4,735	12.8%
Latin America & Caribbean	436	397	9.8%	3,197	2,828	13.0%
Africa, Middle East & S.Asia	356	394	-9.6%	2,748	2,784	-1.3%
Asia Pacific	138	130	6.2%	1,009	901	12.0%
Revenue Passenger Km (millions)	15,827	15,484	2.2%	112,359	103,680	8.4%
Domestic (UK & Spain)	603	764	-21.1%	4,564	5,152	-11.4%
Europe	2,821	2,854	-1.2%	18,612	17,770	4.7%
North America	5,296	4,975	6.5%	35,879	31,686	13.2%
Latin America & Caribbean	3,556	3,247	9.5%	26,210	23,244	12.8%
Africa, Middle East & S.Asia	2,149	2,298	-6.5%	16,764	16,509	1.5%
Asia Pacific	1,402	1,346	4.2%	10,330	9,319	10.8%
Available Seat Km (millions)	18,649	18,267	2.1%	142,014	131,239	8.2%
Domestic (UK & Spain)	766	976	-21.5%	6,234	7,117	-12.4%
Europe	3,371	3,435	-1.9%	25,069	24,057	4.2%
North America	5,917	5,673	4.3%	44,018	39,063	12.7%
Latin America & Caribbean	4,161	3,766	10.5%	31,402	27,272	15.1%
Africa, Middle East & S.Asia	2,723	2,854	-4.6%	22,329	22,312	0.1%
Asia Pacific	1,711	1,563	9.5%	12,962	11,418	13.5%
Passenger Load Factor (%)	84.9	84.8	+0.1 pts	79.1	79.0	+0.1 pts
Domestic (UK & Spain)	78.7	78.3	+0.4 pts	73.2	72.4	+0.8 pts
Europe	83.7	83.1	+0.6 pts	74.2	73.9	+0.3 pts
North America	89.5	87.7	+1.8 pts	81.5	81.1	+0.4 pts
Latin America & Caribbean	85.5	86.2	-0.7 pts	83.5	85.2	-1.7 pts
Africa, Middle East & S.Asia	78.9	80.5	-1.6 pts	75.1	74.0	+1.1 pts
Asia Pacific	81.9	86.1	-4.2 pts	79.7	81.6	-1.9 pts
Cargo and Total Capacity (millions)						
Cargo Tonne Km	481	491	-2.0%	4,063	3,842	5.8%
Total Revenue Tonne Km	1,988	1,964	1.2%	14,743	13,694	7.7%
Available Tonne Km	2,606	2,548	2.3%	20,005	18,438	8.5%
Overall Load Factor	76.3	77.1	-0.8 pts	73.7	74.3	-0.6 pts

Performance by Airline

	Month of August			Year to Date		
	2011	2010	Change	2011	2010	Change
IBERIA						
Revenue Passenger Km (millions)	4,741	4,926	-3.8%	34,582	34,175	1.2%
Available Seat Km (millions)	5,615	5,756	-2.4%	42,253	41,143	2.7%
Cargo Tonne Km (millions)	98	97	1.0%	878	818	7.3%
BRITISH AIRWAYS						
Revenue Passenger Km (millions)	11,086	10,557	5.0%	77,777	69,505	11.9%
Available Seat Km (millions)	13,035	12,511	4.2%	99,760	90,097	10.7%
Cargo Tonne Km (millions)	383	394	-2.8%	3,185	3,024	5.3%